

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 COME-00 OES-07 AID-05
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XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05
SS-15 STR-07 CEA-01 DOE-11 SOE-02 AGRE-00 PA-02
/120 W

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R 090740Z MAR 78

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 2460

UNCLAS SECTION 1 OF 2 HELSINKI 0708

E.O. 11652: N/A

TAGS: BEXP, AFSP, FI

SUBJECT: COUNTRY COMMERCIAL PROGRAMS - PRELIMINARY CONTRIBUTIONS
FOR FY-1980

REF: STATE 002688

1. SUMMARY. THE EMBASSY PROPOSES FOUR CAMPAIGNS AND FOUR AREAS OF SPECIAL POST EFFORTS FOR THE FY-1980 CCP FOR FINLAND. CAMPAIGNS RANKED IN ORDER OF PRIORITY ARE: ELECTRONIC COMPONENTS, SUBASSEMBLIES, PRODUCTION AND TEST EQUIPMENT; PROCESS CONTROL EQUIPMENT; METALWORKING AND FINISHING EQUIPMENT; AND PULP AND PAPER INDUSTRY EQUIPMENT AND SUPPLIES. SPECIAL POST EFFORTS ARE: PROMOTING SALES TO FINNISH INTERNATIONAL CONSTRUCTION/ENGINEERING COMPANIES; SUPPORTING PROMOTION EFFORTS IN NORTHERN AND CENTRAL EUROPE SCHEDULED THROUGH THE COLOGN IMC; FURNISHING GUIDANCE TO FINNISH FIRMS REGARDING U.S. EXPORT CONTROL REGULATIONS AND PROCEDURES; AND PROMOTING THE FOREIGN BUYER GROUP PROGRAM. END SUMMARY.

2. CAMPAIGNS IN ORDER OF PROIORITY

A. CAMPAIGN #1 ELECTRONIC COMPONENTS, SUBASSEMBLIES,
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PRODUCTION AND TEST EQUIPMENT - THE FINNISH ELECTRONIC INDUSTRY REMAINS HEALTHY DESPITE THE LAST THREE YEARS OF RECESSION. IT HAS STRENGTHENED ITS MARKET POSITION IN OVERSEAS AS WELL AS DOMESTIC MARKETS. PRODUCT DEVELOPMENT EFFORTS, PRIMARILY IN SYSTEMS DESIGN, HAVE BEEN PARTICULARLY EFFECTIVE AND ARE EXPECTED TO CONTINUE STRONG. BOTH U.S. PRODUCT COMPONENTS AND SUBASSEMBLIES,

AND PRODUCTION AND TESTING EQUIPMENT ARE HIGHLY REGARDED AND ARE EXPECTED TO FIND ADDITIONAL AND GROWING MARKETS AS FINNISH INDUSTRY EXPANDS.

B. CAMPAIGN # 2 PROCESS CONTROL EQUIPMENT - DUE TO THE PROLONGED DEPRESSED STATE OF THE FINNISH ECONOMY, INVESTMENT IN PLANT AND EQUIPMENT HAS BEEN MUCH REDUCED OVER THE LAST THREE YEARS. ECONOMIC CONDITIONS ARE EXPECTED TO BEGIN TO IMPROVE BY LATE 1979 AND FINLAND SHOULD BE ENTERING A STAGE OF REVIVED INVESTMENT ACTIVITY. PROCESS CONTROL EQUIPMENT ACCOUNTS FOR A LARGE AND INCREASING PORTION OF INVESTMENT OUTLAYS IN THE FOREST PRODUCTS, CHEMICAL, PHARMACEUTICAL AND FOOD PROCESSING INDUSTRIES. AS THE INVESTMENT CURVE TURNS UPWARD A SHARP REBOUND IN DEMAND FOR A BROAD RANGE OF PROCESS CONTROL EQUIPMENT IS ANTICIPATED. THE UNITED STATES WITH ITS HIGH TECHNOLOGY IN THIS FIELD SHOULD FIND A STRONG GROWING MARKET.

C. CAMPAIGN #3 METALWORKING AND FINISHING EQUIPMENT - LIGHT AND HEAVY ENGINEERING INDUSTRIES AS WELLS AS METAL PROCESSING/WORKING INDUSTRIES PROPER MAKE UP THE BULK OF FINLAND'S METAL INDUSTRY, WHICH ACCOUNTS FOR OVER 35 PERCENT OF TOTAL INDUSTRIAL ACTIVITY. MUCH OF ITS TECHNOLOGICALLY ADVANCED PRODUCT IS DIRECTED TO EXPORTS AND THUS A COMPETITIVE COST/PRICE STRUCTURE IS VITAL TO THE INDUSTRIES' CONTINUED VIABILITY. DUE TO THE SHARP RISE IN WAGE COSTS IN 1975 AND 1976 AS WELL AS CURRENT LOW CAPACITY UTILIZATION, UNIT COST HAVE IN-

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CREASED SIGNIFICANTLY. TO RECTIFY THIS SITUATION THE INDUSTRY MUST SEEK NEW LABOR, MATERIAL AND ENERGY SAVING EQUIPMENT AND PROCESSES. THIS PRODUCTION UPGRADING PROCESS IS ANTICIPATED TO GATHER STRENGTH IN EARLY 1980 AND RESULT IN GROWING OPPORTUNITIES FOR U.S. SUPPLIERS.

D. CAMPAIGN #4 PULP AND PAPER INDUSTRY EQUIPMENT AND SUPPLIES- THE FINNISH FOREST PRODUCTS INDUSTRY COMPLETED A MAJOR INVESTMENT CYCLE IN THE TIME PERIOD 1975-76. CURRENT CAPACITY IS EXPECTED TO REMAIN ADEQUATE UNTIL AT LEAST 1980. WORLD WOOD FIBER AND PAPER DEMAND TOGETHER WITH THE ADVANCE OF TECHNOLOGY SHOULD TRIGGER A NEW CYCLE OF INVESTMENT ACTIVITY IN FINLAND COMMENCING IN 1980. INCREASED U.S. SALES TO THIS INDUSTRY ARE EXPECTED AS A RESULT.

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3. OTHER SPECIAL POST EFFORTS

A. NUMEROUS FINNISH CONSTRUCTION/ENGINEERING COMPANIES HAVE BECOME SUCCESSFUL ON THE INTERNATIONAL SCENE AND INTEREST IN COMPETING FOR THIRD-COUNTRY CONSTRUCTION PROJECTS IS EXPECTED TO CONTINUE STRONG. THESE FIRMS SHOULD OFFER POTENTIAL MARKETING OPPORTUNITIES FOR A BROAD RANGE OF CONSTRUCTION EQUIPMENT AND BUILDING SUPPLIES AS WELL AS CAPITAL MACHINERY AND EQUIPMENT GEARED TO THE NATURE OF THE INDIVIDUAL CONSTRUCTION/ENGINEERING PROJECT. SPECIAL POST EFFORTS IN THIS AREA ARE TO BE DIRECTED AT GAINING INFORMATION ON THE PURCHASING METHODS AND PATTERNS OF FINNISH INTERNATIONAL CONSTRUCTION/ENGINEERING COMPANIES AND PROMOTING SALE OF U.S. EQUIPMENT AND SUPPLIES. REPORTING ON SUBCONTRACTING OPPORTUNITIES IS ALSO ANTICIPATED.

B. FINLAND'S GROWING EXPORTS OF HIGHLY TECHNICAL PRODUCTS INCLUDING ELECTRONIC SYSTEMS AND EQUIPMENT, COMPUTER BASED SYSTEMS AND COMMUNICATIONS GEAR AND EQUIPMENT, CONTAIN A SIGNIFICANT AMOUNT OF U.S. TECHNOLOGY AND COMPONENTRY. MUCH OF THE U.S. ORIGIN INPUT IS SUBJECT TO U.S. EXPORT ADMINISTRATION REGULATIONS. RECOGNIZING THIS DEPENDENCE ON IMPORTS OF SOPHISTICATED TECHNOLOGY AND DESIRING TO MAINTAIN ACCESS TO U.S. SUPPLIERS,
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FINNISH FIRMS ARE SEEKING CLEAR, AUTHORITATIVE GUIDANCE REGARDING U.S. EXPORT ADMINISTRATION PRACTICES. SUCH INQUIRIES ARE INCREASING. TO MEET THIS NEED AND TO PREVENT U.S. EXPORT LOSSES, THE EMBASSY WILL RECOMMEND IN THE FOLLOWING MESSAGE ON THE FY-79 CCP THAT OFFICE OF EXPORT ADMINISTRATION OFFICIALS

PLAN TO MAKE VISITS TO FINLAND (AND POSSIBLY OTHER NORDIC COUNTRIES). THESE VISITS WILL BE PROGRAMMED AS BRIEFING SESSIONS FOR SPECIFIC INDUSTRIES, E.G., COMPUTERS AND COMMUNICATIONS EQUIPMENT, ON OEA POLICIES AND PROCEDURES OF SPECIAL INTEREST TO FINNISH FIRMS. THEY WOULD TAKE PLACE IN BOTH FY-79 AND 80.

C. DRAWING ON EXPERIENCE GAINED FROM FY-79 CCP ACTIVITY IN SUPPORT OF PROMOTION EFFORTS IN NORTHERN AND CENTRAL EUROPE BASED ON THE COLOGNE IMC, RE-FINEMENT AND UPGRADING OF ACTIVITIES ARE CONTEMPLATED.

D. THE FOREIGN BUYER GROUP PROGRAM HAS BEEN A VIABLE, PRODUCTIVE ACTIVITY. A MAJOR PORTION OF THE EMBASSY'S TOURIST PROMOTION EFFORTS IS CARRIED OUT THROUGH THIS PROGRAM AND IT WILL CONTINUE TO RECEIVE SPECIAL POST EFFORT.

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